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SENSITIVE

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EINV, ENRG

SUBJECT: 2009 `STRIKE SEASON' TURBULENT AND POLITICAL

REF: A) 2009 JOHANNESBURG 94; B) 2009 PRETORIA 1455

¶1. (SBU) Summary. Up to 190,000 South African municipal workers plan an indefinite strike from July 27 that will disrupt local service delivery. The strike is being organized by the Congress of South African Trade Unions (COSATU) and its South African Municipal Workers Union (SAMWU) affiliate over demands for a fifteen percent wage increase and better working conditions. COSATU has boosted participation by joining with the Independent Municipal and Allied Trade Union (IMATU). Several other strikes are also ongoing or planned for `Strike Season, the local term used for the June to August period when most wage agreements are negotiated. The strikes mark another escalation of demands on President Zuma from a politically confident labor movement that helped bring him to power. End summary.

Strike: Union Wants Large Increase to Cover Inflation

¶2. (SBU) Up to 190,000 municipal workers plan to strike starting on Monday, July 27. The action will disrupt most local government services but the extent of disruptions will not be known until the strike is underway as trade unions are still frantically organizing the action. Union leaders have largely, but not unanimously, indicated that they will abide by the Labor Relations Act mandate that essential services operate at a minimum level during strikes. Essential services include community safety, emergency services, healthcare, water, electricity, and the maintenance of infrastructure. The strike is being organized by COSATU and its SAMWU affiliate. They have joined with non-COSATU affiliate IMATU to further increase participation.

¶3. (SBU) SAMWU negotiations with the South African Local Government Association (SALGA), representing municipalities, came to a halt on July 23. SAMWU demands that municipal employees receive the greater of a 15 percent wage increase or 2500 Rand (approx \$325). They also demand a minimum wage of 5000 Rand (approx \$650) per month, home mortgage subsidies tallying 70 percent, a 70 percent rental allowance, and the filling of all vacant local government positions by January 1, 2010. Unions have said that the increase must cover an 11 percent inflation rate as well as increasing prices for food and utilities. SALGA countered that the demands are unaffordable and unrealistic because most municipalities are in debt based on the world financial climate. SALGA offered an 11.5 percent increase on the recommendation of a labor mediator. SALGA initially offered a 7.2 percent increase while SAMWU initially demanded 26 percent. Negotiations broke down on July 23 with SALGA CEO Xolie George noting that organized labor was intransigent and unwilling to accept the recommendations of the mediator.

How will the SAG React?

14. (SBU) President Jacob Zuma urged both sides to negotiate in good faith given difficult global economic conditions. Pro-business elements in the Zuma government have been less kind and have publicly scolded COSATU for a number of planned or current strikes that all press for double-digit percentage wage increases. A strike organized by the South African Chemical, Energy, Paper, Printing, Wood, and Allied Workers Union (CEPPWAWU) has entered its fifth day and is hitting the paper and pharmaceutical sectors especially hard. COSATU is pushing for the petroleum (fuel) sector to fully join the protest. Other possible strikes include a national mining strike, a strike at state-owned Telkom, a strike by commuter train operators, and a strike at the South African Broadcasting Corporation. Public health doctors and teachers are also planning to strike for a second time if the South African government does not implement wage increases (ref A). These strikes are coupled with violent service-delivery protests over the government's failure to provide a basic quality of life for all citizens (ref B).

Union Views

15. (SBU) A union official told Laboroff that, while COSATU is perhaps overreacting to issues, such 'sensitivity' is necessary as South Africa has no effective political opposition. They believe that they must 'play the revolutionary role of the vanguard of the working classes' to ensure that the government is kept 'on its toes.' Union officials concede that COSATU's strike action is a way of 'flexing their muscles' and have said that this is not objectionable because it will allow COSATU to be taken seriously by the new administration and deliver on promises made to its constituency.

16. (SBU) COSATU General Secretary Zwelenzima Vavi told the press this week that low average salaries and an economic crisis 'not of [workers] making' has caused COSATU members to demand rapid action. Previous average wage increases of seven to ten percent were no longer able to provide workers with a basic standard of living because 'many workers still earn close to 2500 Rand (approx \$325) and in the context of this recession, feel they haven't benefited from growth.' South Africa's leading labor academic institution agrees. Prominent Wits University Sociology Professor Eddie Webster told the business weekly Financial Mail on July 23 that while 'strike season' is not unusual, it is more active because of the economic recession. Webster said, 'what is different is that bargaining is being intensified by the economic recession. Workers are feeling genuinely squeezed... and shop stewards and trade unions face a dilemma. If they don't meet workers' demands, they are seen to be sellouts and workers will go it alone without them.'

Comment

17. (SBU) COSATU has done a good job of citing legitimate worker concerns in its current and planned strikes. However, the trade union federation is also using the strikes to remind Zuma of its political power and to carry clout far above its two million strong membership. COSATU continues to push for further policy influence and has been especially vocal on issues of fiscal management, nationalization of industry, and trade liberalization. President Zuma has not yet spoken out about COSATU demands, but is aware that much of the public is behind any demand that is seen to offer rapid quality of life improvements. End comment.

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